

19662-E

**MORTGAGE SUPPLEMENT
(Equipment Lot FU)**

This MORTGAGE SUPPLEMENT (Equipment Lot FU) (this "Supplement"), dated as of June 4, 1996, by FRANK W. McDONALD, JR. (the "Lessor"), not in his individual capacity, but solely as Owner Trustee under the Trust Agreement (Equipment Lot FU), dated as of September 27, 1995, with the Owner Participant and the Bank named therein.

R E C I T A L S:

WHEREAS, the Lessor and New Jersey Transit Corporation (the "Lessee"), a body corporate and politic established in the Executive Branch of the State Government of New Jersey, are parties to the Lessee's Equipment Mortgage (Equipment Lot FU) (the "Mortgage"); capitalized terms used herein without definition have the meanings specified or referred to in Section 1 of the Mortgage, dated as of October 3, 1995;

WHEREAS, the Owner Trustee and the Lender executed and delivered a Memorandum of Lessee Security Agreement and Mortgage (Equipment Lot FU), dated as of October 3, 1995, respecting the Mortgage, which memorandum was recorded with the Secretary of the Interstate Commerce Commission on October 6, 1995 at 12:35 PM and assigned recordation number 19662-B;

WHEREAS, the Lessee and the Lessor wish to substitute the Delivered Locomotive (as defined below) not presently included in the Lessee Mortgage Collateral for a locomotive presently included in the Lessee Mortgage Collateral, and to subject the Delivered Locomotive to the Lien of the Mortgage pursuant to Section 2(b) thereof; and

WHEREAS, the Mortgage provides for the execution and delivery of a supplement thereto particularly describing any Item of Equipment subjected to the Lien thereof pursuant to Section 2 thereof.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, receipt of which is hereby acknowledged, and in order to secure the obligations secured by the Mortgage, the Lessor does hereby grant, bargain, sell, assign, transfer, mortgage, convey, pledge and confirm, unto the Lessee, its successors and permitted assigns, as security only, and does hereby grant a security interest in and mortgage Lien on, all estate right, title and interest of the Lessor in, to and under the 1993 GP40PH-2 Locomotive number 4150 bearing Serial Number 7127-30 (the "Delivered Locomotive"), together with all replacements thereof and substitutions therefor in which the Lessor shall from time to time acquire an interest.

TO HAVE AND TO HOLD the same unto the Lessee, its successors and permitted assigns, as security under the Mortgage, and for the uses and purposes and subject to the terms and provisions set forth in the Mortgage, but subject, however, to the Lien of the Loan Agreement.

This Supplement shall be construed as supplemental to the Mortgage and shall form a part thereof, and the Mortgage is incorporated by reference herein and is hereby ratified, approved and confirmed.

This Supplement is being delivered in the State of New York and shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance, but without reference to provisions concerning conflicts of law.

AND FURTHER, the Lessor hereby acknowledges that the Delivered Locomotive referred to in this Supplement has been delivered to the Lessor and is included in the Lessee Mortgage Collateral and covered by the Lien of the Mortgage.

IN WITNESS WHEREOF, the Owner Trustee caused this Supplement to be duly executed on the day and year first above written.

FRANK W. McDONALD, JR.,
not in his individual capacity,
but solely as Owner Trustee



STATE OF **CONNECTICUT**
) SS
COUNTY OF **HARTFORD**)

On this 3rd day of June, 1996, before me personally appeared FRANK W. McDONALD, JR., to me personally known to be the person described in and who executed the foregoing instrument, and he acknowledged that he executed the same.

Notary Public

Karen R. Felt

[SEAL]

My commission expires:

KAREN R. FELT
NOTARY PUBLIC
My Commission Expires 02/28/99